

Karmarts Public Company Limited and its subsidiary  
Review report and consolidated interim financial statements  
For the three-month and six-month periods ended  
30 June 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Karmarts Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Karmarts Public Company Limited and its subsidiary as at 30 June 2018, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2018, changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Karmarts Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

## **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182

EY Office Limited  
Bangkok: 9 August 2018

**Karmarts Public Company Limited and its subsidiary**  
**Statement of financial position**  
**As at 30 June 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		22,085	10,716	21,239	5,947
Current investments	3	405	361	405	361
Trade and other receivables	4, 5	304,184	344,467	309,506	344,417
Current portion of finance lease receivables	5	16	363	16	363
Short-term loans to related party	5	5,875	55,875	5,875	55,875
Short-term loans to unrelated parties	6	-	18,000	-	18,000
Current portion of long-term loans to related party	5	1,350	-	1,350	-
Current portion of long-term loans to unrelated person and party	8	9,600	9,600	9,600	9,600
Inventories	7	318,785	304,940	311,275	303,898
Deposit for purchase of investments in a subsidiary	11	-	4,000	-	4,000
Deposit for purchase of land		-	12,000	-	12,000
Other current assets		46,304	35,661	45,932	35,661
<b>Total current assets</b>		<b>708,604</b>	<b>795,983</b>	<b>705,198</b>	<b>790,122</b>
<b>Non-current assets</b>					
Finance lease receivables - net of current portion	5	-	903	-	903
Long-term loans to related party - net of current portion	5	3,454	-	3,454	-
Long-term loans to unrelated person and party - net of current portion	8	24,432	28,675	24,432	28,675
Investments in joint venture	9	316	343	3,563	3,563
Investments in associate	10	61,122	63,042	71,030	71,030
Investments in subsidiary	11	-	-	7,000	4,000
Investment properties	12	118,000	118,000	118,000	118,000
Property, plant and equipment	13	406,777	293,002	401,406	292,573
Land awaiting future development	14	8,284	8,284	8,284	8,284
Intangible assets	15	7,089	10,090	7,008	10,090
Deferred tax assets		9,737	8,458	9,737	8,458
Other non-current assets	4	19,084	20,168	19,077	20,148
<b>Total non-current assets</b>		<b>658,295</b>	<b>550,965</b>	<b>672,991</b>	<b>565,724</b>
<b>Total assets</b>		<b>1,366,899</b>	<b>1,346,948</b>	<b>1,378,189</b>	<b>1,355,846</b>

The accompanying notes are an integral part of the financial statements.

**Karmarts Public Company Limited and its subsidiary**  
**Statement of financial position (continued)**  
**As at 30 June 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from banks	16	204,677	175,276	204,677	175,276
Trade and other payables	5,17	114,524	102,952	117,068	102,735
Current portion of liabilities under finance lease agreements		4,691	3,968	4,691	3,968
Current portion of long-term loans from financial institution	18	17,904	17,904	17,904	17,904
Income tax payable		30,163	37,954	29,978	37,528
Other current liabilities		13,865	13,292	13,678	13,238
<b>Total current liabilities</b>		<b>385,824</b>	<b>351,346</b>	<b>387,996</b>	<b>350,649</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements					
- net of current portion		6,973	6,905	6,973	6,905
Long-term loans from financial institution					
- net of current portion	18	54,784	62,096	54,784	62,096
Provision for long-term employee benefits		17,133	16,052	17,133	16,052
Deferred tax liabilities		40,739	41,116	40,739	41,116
<b>Total non-current liabilities</b>		<b>119,629</b>	<b>126,169</b>	<b>119,629</b>	<b>126,169</b>
<b>Total liabilities</b>		<b>505,453</b>	<b>477,515</b>	<b>507,625</b>	<b>476,818</b>

The accompanying notes are an integral part of the financial statements.

**Karmarts Public Company Limited and its subsidiary**  
**Statement of financial position (continued)**  
**As at 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements			
	Note	30 June 2018	31 December 2017	30 June 2018	31 December 2017	
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Shareholders' equity</b>						
Share capital						
Registered						
		880,000,000 ordinary shares of Baht 0.60 each	528,000	528,000	528,000	528,000
Issued and fully paid up						
		879,998,016 ordinary shares of Baht 0.60 each	527,999	527,999	527,999	527,999
		Share premium	88,397	88,397	88,397	88,397
		Capital reduction surplus	15,267	15,267	15,267	15,267
Retained earnings						
	19	Appropriated - statutory reserve	52,800	52,800	52,800	52,800
		Unappropriated	131,892	142,022	144,594	153,058
		Other components of shareholders' equity	41,443	41,284	41,507	41,507
		<b>Equity attributable to owners of the Company</b>	<b>857,798</b>	<b>867,769</b>	<b>870,564</b>	<b>879,028</b>
		Non-controlling interests of the subsidiary	3,648	1,664	-	-
		<b>Total shareholders' equity</b>	<b>861,446</b>	<b>869,433</b>	<b>870,564</b>	<b>879,028</b>
		<b>Total liabilities and shareholders' equity</b>	<b>1,366,899</b>	<b>1,346,948</b>	<b>1,378,189</b>	<b>1,355,846</b>
			-	-	-	-

The accompanying notes are an integral part of the financial statements.

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Directors  
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(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary****Income statement****For the three-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Sales		356,222	353,084	356,163	352,884
Income from warehouse rental		5,189	5,189	5,189	5,189
Other income		3,953	4,719	4,027	5,235
<b>Total revenues</b>		<b>365,364</b>	<b>362,992</b>	<b>365,379</b>	<b>363,308</b>
<b>Expenses</b>					
Cost of sales		171,719	161,766	175,084	162,630
Cost of warehouse rental		105	104	105	104
Selling expenses		90,396	94,930	90,396	94,930
Administrative expenses		46,392	27,337	46,349	27,296
<b>Total expenses</b>		<b>308,612</b>	<b>284,137</b>	<b>311,934</b>	<b>284,960</b>
<b>Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses</b>					
		56,752	78,855	53,445	78,348
Share of loss from investments in joint venture and associate		(612)	(836)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>56,140</b>	<b>78,019</b>	<b>53,445</b>	<b>78,348</b>
Finance cost		(3,202)	(2,213)	(3,200)	(2,212)
<b>Profit before income tax expenses</b>		<b>52,938</b>	<b>75,806</b>	<b>50,245</b>	<b>76,136</b>
Income tax expenses	20	-10,398	-13,700	-10,067	-13,700
<b>Profit for the periods</b>		<b>42,540</b>	<b>62,106</b>	<b>40,178</b>	<b>62,436</b>
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		41,548	61,954	40,178	62,436
Non-controlling interests of the subsidiary		992	152		
		<b>42,540</b>	<b>62,106</b>		
<b>Basic earnings per share</b>					
	21				
Profit attributable to equity holders of the Company		0.047	0.070	0.046	0.071
Weighted average number of common stock (shares)		879,998,016	879,650,536	879,998,016	879,650,536

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary**  
**Statement of comprehensive income**  
**For the three-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit for the periods</b>	<u>42,540</u>	<u>62,106</u>	<u>40,178</u>	<u>62,436</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Share of profit (loss) from exchange differences on translation of joint venture's financial statements in foreign currency	(1)	43	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss - net of income tax	-	-	-	-
Other comprehensive income for the periods	<u>(1)</u>	<u>43</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the periods</b>	<u><u>42,539</u></u>	<u><u>62,149</u></u>	<u><u>40,178</u></u>	<u><u>62,436</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	41,547	61,997	<u>40,178</u>	<u>62,436</u>
Non-controlling interests of the subsidiary	992	152		
	<u><u>42,539</u></u>	<u><u>62,149</u></u>		

The accompanying notes are an integral part of the financial statements.



(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary****Income statement****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Sales		714,776	720,290	714,717	720,090
Income from warehouse rental		10,378	10,378	10,378	10,378
Other income		12,624	16,801	12,970	17,834
<b>Total revenues</b>		<b>737,778</b>	<b>747,469</b>	<b>738,065</b>	<b>748,302</b>
<b>Expenses</b>					
Cost of sales		337,384	327,983	339,020	329,529
Cost of warehouse rental		147	208	147	208
Selling expenses		173,448	183,330	173,448	183,330
Administrative expenses		76,226	53,766	76,137	53,683
<b>Total expenses</b>		<b>587,205</b>	<b>565,287</b>	<b>588,752</b>	<b>566,750</b>
<b>Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses</b>					
		150,573	182,182	149,313	181,552
Share of loss from investments in joint venture and associate					
		(2,106)	(1,142)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>148,467</b>	<b>181,040</b>	<b>149,313</b>	<b>181,552</b>
Finance cost		(5,837)	(5,096)	(5,832)	(5,094)
<b>Profit before income tax expenses</b>		<b>142,630</b>	<b>175,944</b>	<b>143,481</b>	<b>176,458</b>
Income tax expenses	20	-29,076	-33,808	-28,745	-33,808
<b>Profit for the periods</b>		<b>113,554</b>	<b>142,136</b>	<b>114,736</b>	<b>142,650</b>
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		113,070	141,948	114,736	142,650
Non-controlling interests of the subsidiary		484	188		
		<b>113,554</b>	<b>142,136</b>		
<b>Basic earnings per share</b>					
	21				
Profit attributable to equity holders of the Company		0.128	0.161	0.130	0.162
Weighted average number of common stock (shares)		879,998,016	879,537,444	879,998,016	879,537,444

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary**  
**Statement of comprehensive income**  
**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit for the periods</b>	<u>113,554</u>	<u>142,136</u>	<u>114,736</u>	<u>142,650</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Share of profit (loss) from exchange differences on translation of joint venture's financial statements in foreign currency	159	(99)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss - net of income tax	-	(407)	-	(407)
Other comprehensive income for the periods	<u>159</u>	<u>(506)</u>	<u>-</u>	<u>(407)</u>
<b>Total comprehensive income for the periods</b>	<u>113,713</u>	<u>141,630</u>	<u>114,736</u>	<u>142,243</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	113,229	141,442	<u>114,736</u>	<u>142,243</u>
Non-controlling interests of the subsidiary	484	188		
	<u>113,713</u>	<u>141,630</u>		

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary****Statement of changes in shareholders' equity****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Equity attributable to owners of the Company					Other components of shareholders' equity						
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Surplus on revaluation of assets	Exchange differences		Total other components of shareholders' equity	Total equity attributable to owners of the Company	Non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		on translation of joint venture's financial statements in foreign currency	Total equity attributable to owners of the Company				
<b>Balance as at 1 January 2017</b>	395,741	83,396	15,267	39,574	221,904	41,507	(40)	41,467	797,349	141	797,490	
Profit for the period	-	-	-	-	141,948	-	-	-	141,948	188	142,136	
Other comprehensive income for the period	-	-	-	-	(407)	-	(99)	(99)	(506)	-	(506)	
Total comprehensive income for the period	-	-	-	-	141,541	-	(99)	(99)	141,442	188	141,630	
Issuance of ordinary shares during the period												
from the exercise of ESOP scheme	345	5,001	-	-	-	-	-	-	5,346	-	5,346	
Stock dividend paid (Note 25)	131,913	-	-	-	(131,913)	-	-	-	-	-	-	
Cash dividend paid (Note 25)	-	-	-	-	(92,340)	-	-	-	(92,340)	-	(92,340)	
Transfer to statutory reserve (Note 19)	-	-	-	7,133	(7,133)	-	-	-	-	-	-	
Change in non-controlling interests of the subsidiary												
from its paid up share capital	-	-	-	-	-	-	-	-	-	750	750	
<b>Balance as at 30 June 2017</b>	<b>527,999</b>	<b>88,397</b>	<b>15,267</b>	<b>46,707</b>	<b>132,059</b>	<b>41,507</b>	<b>-139</b>	<b>41,368</b>	<b>851,797</b>	<b>1,079</b>	<b>852,876</b>	
<b>Balance as at 1 January 2018</b>	527,999	88,397	15,267	52,800	142,022	41,507	(223)	41,284	867,769	1,664	869,433	
Profit for the period	-	-	-	-	113,070	-	-	-	113,070	484	113,554	
Other comprehensive income for the period	-	-	-	-	-	-	159	159	159	-	159	
Total comprehensive income for the period	-	-	-	-	113,070	-	159	159	113,229	484	113,713	
Cash dividend paid (Note 25)	-	-	-	-	(123,200)	-	-	-	(123,200)	-	(123,200)	
Change in non-controlling interests of the subsidiary												
from its paid up share capital	-	-	-	-	-	-	-	-	-	1,500	1,500	
<b>Balance as at 30 June 2018</b>	<b>527,999</b>	<b>88,397</b>	<b>15,267</b>	<b>52,800</b>	<b>131,892</b>	<b>41,507</b>	<b>-64</b>	<b>41,443</b>	<b>857,798</b>	<b>3,648</b>	<b>861,446</b>	

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary**  
**Statement of changes in shareholders' equity (continued)**  
**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Separate financial statements							
						Other components of shareholders' equity		
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
<b>Balance as at 1 January 2017</b>	395,741	83,396	15,267	39,574	225,967	41,507	41,507	801,452
Profit for the period	-	-	-	-	142,650	-	-	142,650
Other comprehensive income for the period	-	-	-	-	(407)	-	-	(407)
Total comprehensive income for the period	-	-	-	-	142,243	-	-	142,243
Issuance of ordinary shares during the period								
from the exercise of ESOP scheme	345	5,001	-	-	-	-	-	5,346
Stock dividend paid (Note 25)	131,913	-	-	-	(131,913)	-	-	-
Cash dividend paid (Note 25)	-	-	-	-	(92,340)	-	-	(92,340)
Transfer to statutory reserve (Note 19)	-	-	-	7,133	(7,133)	-	-	-
<b>Balance as at 30 June 2017</b>	<b>527,999</b>	<b>88,397</b>	<b>15,267</b>	<b>46,707</b>	<b>136,824</b>	<b>41,507</b>	<b>41,507</b>	<b>856,701</b>
<b>Balance as at 1 January 2018</b>	527,999	88,397	15,267	52,800	153,058	41,507	41,507	879,028
Profit for the period	-	-	-	-	114,736	-	-	114,736
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	114,736	-	-	114,736
Cash dividend paid (Note 25)	-	-	-	-	(123,200)	-	-	(123,200)
<b>Balance as at 30 June 2018</b>	<b>527,999</b>	<b>88,397</b>	<b>15,267</b>	<b>52,800</b>	<b>144,594</b>	<b>41,507</b>	<b>41,507</b>	<b>870,564</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary****Statement of cash flows****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before tax	142,630	175,944	143,481	176,458
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	17,734	14,580	17,526	14,572
Reversal of allowance for doubtful accounts	(767)	(3,896)	(767)	(3,896)
Increase in allowance for reducing cost of inventories to net realisable value	6,280	1,153	6,280	1,153
Increase in (reversal of) allowance for impairment of other current assets	114	(475)	114	(475)
Unrealised loss (gain) on exchange rate	8,638	(10,259)	8,638	(10,259)
Gain on disposal of current investments	(100)	-	(100)	-
Unrealised gain on changes in the fair value of current investments	(44)	(58)	(44)	(58)
Fixed assets and intangible assets write-off	164	191	164	191
Gain on disposal of fixed assets and intangible assets	(128)	(180)	(128)	(180)
Interest income	(9,387)	(3,743)	(9,387)	(3,743)
Dividend income	(12)	(12)	(12)	(12)
Provision for long-term employee benefits	1,545	983	1,545	983
Share-based payment transactions	-	4,196	-	4,196
Interest expenses	4,416	3,097	4,416	3,097
Share of loss from investments in joint venture and associate	2,106	1,142	-	-
Profit from operating activities before changes in operating assets and liabilities:	173,189	182,663	171,726	182,027
Operating assets (increase) decrease				
Trade and other receivables	35,346	(1,187)	29,974	(1,187)
Finance lease receivables	1,250	17	1,250	17
Inventories	(19,947)	16,234	(13,479)	17,845
Other current assets	(10,757)	(19,311)	(10,385)	(19,282)
Other non-current assets	1,084	578	1,071	592
Operating liabilities increase (decrease)				
Trade and other payables	(2,879)	10,751	69	10,011
Other current liabilities	573	3,199	440	3,249
<b>Cash from operating activities</b>	<b>177,859</b>	<b>192,944</b>	<b>180,666</b>	<b>193,272</b>
Cash paid for income tax	(38,523)	(17,792)	(37,951)	(17,792)
Cash paid for long-term employee benefits	(464)	(101)	(464)	(101)
<b>Net cash from operating activities</b>	<b>138,872</b>	<b>175,051</b>	<b>142,251</b>	<b>175,379</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Karmarts Public Company Limited and its subsidiary**  
**Statement of cash flows (continued)**  
**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Interest income received	15,091	3,529	15,091	3,529
Dividend received	12	12	12	12
Decrease (increase) in short-term loans to related party	50,000	(1,500)	50,000	(1,500)
Decrease in short-term loans to unrelated parties	18,000	11,897	18,000	11,897
Increase in long-term loans to related party	(4,804)	-	(4,804)	-
Decrease in long-term loans to unrelated person and party	4,243	25,000	4,243	25,000
Proceeds from disposal of equipment and intangible assets	3,068	181	3,068	181
Proceeds from disposal of current investments	8,280	-	8,280	-
Acquisition of current investments	(8,180)	(3,225)	(8,180)	(3,225)
Purchase of land, equipment and intangible assets	(101,867)	(25,844)	(96,823)	(25,844)
Redemption of deposit for purchase of investments in a subsidiary	4,000	-	4,000	-
Changes in non-controlling interests of the subsidiary from its paid up share capital	1,500	750	-	-
Increase in investments in the subsidiary	-	-	(3,000)	(1,500)
<b>Net cash from (used in) investing activities</b>	<b>(10,657)</b>	<b>10,800</b>	<b>(10,113)</b>	<b>8,550</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	20,837	(88,581)	20,837	(88,581)
Cash paid under finance lease	(2,932)	(1,887)	(2,932)	(1,887)
Decrease in long-term loans from financial institution	(7,312)	-	(7,312)	-
Interest paid	(4,239)	(2,949)	(4,239)	(2,949)
Cash received from exercise of ESOP Scheme	-	1,150	-	1,150
Dividend paid	(123,200)	(92,340)	(123,200)	(92,340)
<b>Net cash used in financing activities</b>	<b>(116,846)</b>	<b>(184,607)</b>	<b>(116,846)</b>	<b>(184,607)</b>
Net increase (decrease) in cash and cash equivalents	11,369	1,244	15,292	(678)
Cash and cash equivalents at beginning of periods	10,716	10,099	5,947	9,334
<b>Cash and cash equivalents at end of periods</b>	<b>22,085</b>	<b>11,343</b>	<b>21,239</b>	<b>8,656</b>
	-	-	-	-
<b>Supplemental cash flow information: -</b>				
Non-cash transactions: -				
Undue installment for acquisition of equipment and intangible assets	15,791	642	15,214	642
Purchases of vehicles under finance leases	3,518	1,504	3,518	1,504
Transfer of equipment to inventories	178	226	178	226
Actuarial loss	-	509	-	509
Issuance of stock dividend	-	131,913	-	131,913

The accompanying notes are an integral part of the financial statements.

**Karmarts Public Company Limited and its subsidiary**

**Notes to consolidated interim financial statements**

**For the three-month and six-month periods ended 30 June 2018**

**1. Corporate information**

Karmarts Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of consumer products and the provision of warehouse rental. The Company’s registered address is 81-81/1, Soi Phetchakasem 54 sub 3, Phetchakasem Road, Bangduan, Phasicharoen, Bangkok.

**2. Basis of preparation**

**2.1 Basis for the preparation of interim financial statements**

These consolidated interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting” with the Company choosing to present condensed consolidated interim financial statements. However, the Company has presented the statements of financial position, statements of income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

These consolidated interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This consolidated interim financial information should therefore be read in conjunction with the latest annual financial statements.

The consolidated interim financial statements in Thai language are the official statutory financial statements of the Company. The consolidated interim financial statements in English language have been translated from the Thai language financial statements.

**2.2 Basis of consolidation**

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2017. There have been no significant changes in the composition of the group of the Company during the current period.

## **2.3 New financial reporting standards**

### **(a) Financial reporting standards that became effective in the current year**

During the period, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

### **(b) Financial reporting standard that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiary is evaluating the impact of this standard to the financial statements in the year when it is adopted.

## **2.4 Significant accounting policies**

The consolidated interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.



(Unaudited but reviewed)

**3. Current Investments**

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	30 June 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
Trading securities - ordinary shares	353	405	353	361
Unrealised gain from changes in fair value of investments	52		8	
Total current investments - net	405		361	

During the six-month period ended 30 June 2018, the Company sold trading securities with book value totaling Baht 8.28 million (2017: Nil) and recognised gain (after tax) on sale amounting to Baht 0.08 million (2017: Nil) in profit or loss.

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Trade accounts receivable - related parties</b>				
Aged on the basis of due dates				
Not yet due	5,416	2,613	10,738	2,563
Past due				
1 - 3 months	6,809	5,550	6,809	5,550
4 - 6 months	5,652	5,391	5,652	5,391
7 - 12 months	4,116	2,683	4,116	2,683
Over 12 months	-	-	-	-
Total	21,993	16,237	27,315	16,187
Less: Allowance for doubtful accounts	-	-	-	-
Net	21,993	16,237	27,315	16,187
<b>Trade accounts receivable - unrelated parties</b>				
Aged on the basis of due dates				
Post dated cheques	9,552	4,002	9,552	4,002
Not yet due	138,602	164,350	138,602	164,350
Past due				
1 - 3 months	118,595	144,645	118,595	144,645
4 - 6 months	9,338	4,080	9,338	4,080
7 - 12 months	2,437	1,075	2,437	1,075
Over 12 months	2,488	1,891	2,488	1,891
Returned cheques	893	1,037	893	1,037
Total	281,905	321,080	281,905	321,080
Less: Allowance for doubtful accounts	(3,382)	(3,244)	(3,382)	(3,244)
Net	278,523	317,836	278,523	317,836

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Other receivables</b>				
Advances to related parties	457	457	457	457
Other receivables - related parties	1,435	8,272	1,435	8,272
Other receivables - unrelated parties	3,310	4,104	3,310	4,104
Total	5,202	12,833	5,202	12,833
Less: Allowance for doubtful accounts	(1,534)	(2,439)	(1,534)	(2,439)
Net	3,668	10,394	3,668	10,394
Total trade and other receivables - net	304,184	344,467	309,506	344,417

On 22 December 2014, the Company entered into an agreement to sell all of the inventories that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X to a non-related party at a price of Baht 28.1 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments within 10 years. As at 30 June 2018, the Company had accounts receivable balance of Baht 17.3 million (31 December 2017: Baht 19.4 million), with the portion due in over 12 months amounting to Baht 14.7 million (31 December 2017: Baht 16.7 million) and classified as other non-current assets in the statements of financial position.

## 5. Related parties transactions

During the periods, the Company and its subsidiary had significant business transactions with related persons and parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related persons and companies.

The relationship between the Company and the related parties is summarised below.

Name of related parties	Relationship with the Company
J KOS Laboratories Co., Ltd.	Subsidiary
The Iconic Property Co., Ltd.	Associate
The Iconic Property Charan Sanit Wong13 Co., Ltd.	Subsidiary of the associate
The Iconic Property Phetkasem Co., Ltd.	Subsidiary of the associate
Bangwaek Condominium Co., Ltd.	Subsidiary of the associate
Karmarts Vietnam Co., Ltd.	Joint venture
Karmarts Malaysia Sdn. Bhd.*	Related company
Ruenrom Food and Beverage Co., Ltd.	Common shareholder / director with the Company
Name of related parties	Relationship with the Company

(Unaudited but reviewed)

June Laboratories Co., Ltd.

Common shareholder / director with the subsidiary

Beautrium Co., Ltd.

Shareholder / director is related to the Company's shareholders and directors

\* The Company has planned to invest in that company as discussed in Note 9

Such significant transactions are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	30 June		30 June		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary</u>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	7,739	2,616	Cost plus margin
Sales of goods	-	-	5,423	-	Cost
Service income	-	-	6,276	270	Contract price
Rental income	-	-	482	247	Contract price
<u>Transactions with joint venture and associate</u>					
Sales of goods	3,644	1,777	3,644	1,777	Cost plus margin
Interest income	220	209	220	209	15.0 percent per annum (2017: 1.5 percent per annum)
<u>Transactions with related companies</u>					
Sales of goods	9,362	4,033	9,328	3,894	Cost plus margin
Purchases of goods	976	710	888	710	Cost plus margin
Rental income	156	-	156	-	Contract price
Interest income	61	-	61	-	5 percent per annum

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the six-month		For the six-month		
	periods ended		periods ended		
	30 June		30 June		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary</u>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	11,850	3,197	Cost plus margin
Sales of goods	-	-	5,423	-	Cost
Service income	-	-	6,276	541	Contract price
Rental income	-	-	729	494	Contract price
<u>Transactions with joint venture and associate</u>					
Sales of goods	5,100	2,258	5,100	2,258	Cost plus margin
Interest income	5,177	414	5,177	414	15.0 percent per annum (2017: 1.5 percent per annum)
<u>Transactions with related companies</u>					
Sales of goods	13,226	7,619	13,171	7,419	Cost plus margin
Purchases of goods	2,423	1,300	2,283	1,300	Cost plus margin
Rental income	311	-	311	-	Contract price
Interest income	61	-	61	-	5 percent per annum

The outstanding balances of the related transactions as at 30 June 2018 and 31 December 2017 are presented in the statements of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30	31	30	31
	June	December	June	December
	2018	2017	2018	2017
<b><u>Trade and other receivables - related parties (Note 4)</u></b>				
Joint venture	7,012	6,114	7,012	6,114
Associate	234	6,000	234	6,000
Subsidiary	-	-	5,322	-
Related companies	16,639	12,852	16,639	12,802
Total	23,885	24,966	29,207	24,916
Less: Allowance for doubtful accounts	-	-	-	-
Net	23,885	24,966	29,207	24,916

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b><u>Finance lease receivable</u></b>				
Related company	8	1,234	8	1,234
<b><u>Short-term loans to related party</u></b>				
Associate	5,875	55,875	5,875	55,875
<b><u>Long-term loans to related party</u></b>				
Related company	4,804	-	4,804	-
Less: Current portion	(1,350)	-	(1,350)	-
Long-term loans to related party - net of current portion	3,454	-	3,454	-
<b><u>Trade and other payables - related persons and parties (Note 17)</u></b>				
Joint venture	2	52	2	52
Associate	-	90	-	90
Subsidiary	-	-	4,386	1,005
Related company	1,011	871	441	870
Accrued management benefits	640	970	640	970
Total	1,653	1,983	5,469	2,987

During the current period, the balances of loans to related parties and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	1 January 2018	Increase	Decrease	30 June 2018
<b><u>Short-term loans to related party</u></b>				
<b>Associate</b>				
The Iconic Property Company Limited	55,875	-	(50,000)	5,875
<b><u>Long-term loans to related party</u></b>				
<b>Related company</b>				
Ruenrom Food and Beverage Company Limited	-	4,804	-	4,804

(Unaudited but reviewed)

As at 30 June 2018, short-term loans to the associate mature at call and carry interest at a rate of 15.0 percent per annum (31 December 2017: a rate of 1.5 percent per annum).

As at 30 June 2018, long-term loans to the related party are due within 29 March 2021 and carry an interest at a rate of 5.0 percent per annum.

#### Directors and management benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiary had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated / Separate financial statements			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2018	2017	2018	2017
Short-term employee benefits	6	9	13	15
Post-employment benefits	1	-	1	1
Total	7	9	14	16

#### **6. Short-term loans to unrelated parties**

As at 31 December 2017, the Company had short-term loans to unrelated parties by Baht 18.0 million at an interest rate of 15% per annum. During the current period, the Company already obtained repayment of such short-term loans in full amounts.

#### **7. Inventories**

Movements in the allowance for reducing cost of inventories to net realisable value during the six-month period ended 30 June 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2018	22,316
Increase in allowance for reducing cost of inventories to net realisable value	6,280
Balance as at 30 June 2018	28,596

**8. Long-term loans to unrelated person and party**

As at 30 June 2018, the Company had long-term loans to unrelated person and party amounting to net Baht 34.0 million (31 December 2017: Baht 38.3 million) which carried interest at a rate of 15% per annum. The long-term loans will be due within September 2020.

**9. Investments in joint venture**

Investments in joint venture represent investments in entity which is jointly controlled by the Company and other party. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
			%	%				
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563	316	343

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017
			%	%		
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563

Investments in this joint venture were determined on the basis of financial information provided by this company's management which was unaudited by its external auditor due to time constraints.

On 23 February 2015, the Company entered into the Memorandum of Understanding to establish Karmarts Malaysia Sdn. Bhd., the new joint venture in Malaysia in which the Company is to hold 51,000 ordinary shares (or 51% of the total 100,000 issued and paid-up shares) at MYR 10 per share, or for a total of MYR 510,000 or approximately Baht 4.9 million. The said joint venture has been in the process of registration, and the Company has not yet invested in that company up to the present.

(Unaudited but reviewed)

As at 30 June 2018 and 31 December 2017, the Company had commitments amounting to USD 98,000 in respect of the uncalled shares in Karmarts Vietnam Company Limited.

## 10. Investments in associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method			
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017		
			%	%						
The Iconic Property Company Limited	Property development	Thailand	33.33	33.33	71,030	71,030	61,122	63,042		

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost			
			30 June 2018	31 December 2017	30 June 2018	31 December 2017		
			%	%				
The Iconic Property Company Limited	Property development	Thailand	33.33	33.33	71,030	71,030		

On 4 January 2018, The Iconic Property Company Limited (an associate), entered into a Memorandum of Understanding with an unrelated listed company to sell its land with a total area of 2,066.5 square wah. A deposit of Baht 20 million was paid on 4 January 2018. Later, on 20 March 2018, the parties entered into a sale and purchase of land agreement, under which the selling price was Baht 753.14 million, and the buyer paid a further Baht 168.28 million, or 25% of the total price. The counterparties have agreed that the transfer of land ownership and payment of the remaining amount is to be made within 27 November 2018. If the buyer wishes to complete the transfer earlier than this scheduled date, the associate, or the seller, is willing to carry out the sale and purchase procedures to meet the buyer's wish.



(Unaudited but reviewed)

## 11. Investments in subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Separate financial statements	
					Cost method	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(Million Baht)	(Million Baht)	(%)	(%)		
J KOS Laboratories Company Limited	10.00	5.50	70.00	70.00	7,000	4,000

On 22 November 2017, the Company entered into the Memorandum of Agreement to buy and sell 800,000 common shares of Ruenrom Food and Beverage Co., Ltd., (or 80% of the total 1,000,000 issued and paid-up shares), and agreed to place the deposit of Baht 4 million with the seller. Consequently on 25 May 2018, the Company entered into the Memorandum of Agreement to cancel the purchase of all of those common shares of Ruenrom Food and Beverage Co., Ltd. During the second quarter of the current year, the Company obtained the deposit repayment of Baht 4 million from the seller.

During the second quarter of the year 2018, the Company additionally invested Baht 3 million in J KOS Laboratories Company Limited. The Company still holds 70% of the total issued and paid up shares of this subsidiary.

As at 31 December 2017, the Company had commitments amounting to approximately Baht 3.0 million (30 June 2018: Nil) in respect of the uncalled shares in J KOS Laboratories Company Limited.

## 12. Investment properties

Movements of the investment properties during the six-month period ended 30 June 2018 are as summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
1 January 2018	118,000
Increase/(decrease) in fair value during the period	-
30 June 2018	118,000

The majority of investment properties of the Company were placed as collateral for short-term and long-term credit facilities granted by commercial banks.

(Unaudited but reviewed)

### 13. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b><u>Cost / Revalued amount</u></b>		
1 January 2018	417,507	417,039
Acquisitions	131,549	126,404
Transfer to inventories	(365)	(365)
Disposals / write-off	(7,148)	(7,148)
30 June 2018	<u>541,543</u>	<u>535,930</u>
<b><u>Accumulated depreciation</u></b>		
1 January 2018	124,505	124,466
Depreciation during the period	14,493	14,290
Depreciation of disposals / write-off / transfer-out	(4,232)	(4,232)
30 June 2018	<u>134,766</u>	<u>134,524</u>
<b><u>Net book value</u></b>		
1 January 2018	<u>293,002</u>	<u>292,573</u>
30 June 2018	<u>406,777</u>	<u>401,406</u>

The Company arranged for independent professional valuers to appraise the value of the land at the end of the year 2015. The land was revalued using the market approach. The Company recorded the resulting increase in asset value, totaling approximately Baht 42.7 million, in “surplus on revaluation of assets” in the statement of changes in shareholders' equity for the year 2015.

Had the land been carried in the financial statements based on historical cost, its net book value as of 30 June 2018 would have been Baht 133.3 million (31 December 2017: Baht 62.3 million).

As at 30 June 2018, the Company had equipment and vehicles under finance lease agreements with net book value amounting to Baht 16.7 million (31 December 2017: Baht 14.5 million).

As at 30 June 2018, certain items of buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment of those assets amounted to approximately Baht 72.4 million (The Company only: Baht 72.4 million) (31 December 2017: Baht 66.2 million, the Company only: Baht 66.2 million).

(Unaudited but reviewed)

The Company has placed a majority of its land with structures thereon as collateral for short-term and long-term credit facilities granted by commercial banks.

#### 14. Land awaiting future development

As at 30 June 2018 and 31 December 2017, the Company had land awaiting future development amounting to Baht 8.3 million. The Company placed land with net book value of Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.

#### 15. Intangible assets

Movements of the intangible assets during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	10,090	10,090
Acquisitions - at cost	241	155
Write-off - net book value	(1)	(1)
Amortisation during the period	(3,241)	(3,236)
Net book value as at 30 June 2018	<u>7,089</u>	<u>7,008</u>

#### 16. Short-term loans from banks

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)		Consolidated / Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trust receipts	3.20% - 6.25%	2.80% - 6.25%	<u>204,677</u>	<u>175,276</u>

Short-term loans from banks are secured by the mortgage of the majority of the Company's land with structures thereon and investment properties.

(Unaudited but reviewed)

**17. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Trade payables - related parties	1,011	469	4,827	1,473
Trade payables - unrelated parties	11,604	6,415	8,999	5,276
Other payables - related party	2	544	2	544
Other payables - unrelated parties	42,666	30,704	42,666	30,704
Accrued expenses - related party	-	-	1,405	-
Accrued expenses - unrelated parties	58,601	63,850	58,529	63,768
Accrued management benefits	640	970	640	970
<b>Total trade and other payables</b>	<b>114,524</b>	<b>102,952</b>	<b>117,068</b>	<b>102,735</b>

**18. Long-term loans from financial institution**

Loan	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated / Separate	
			financial statements	financial statements
			2018	2017
1	4.5%	Principal and interest payable in monthly installments of Baht 1.49 million each	72,688	80,000
Total			72,688	80,000
Less: Current portion			(17,904)	(17,904)
Long-term loans from financial institution - net of current portion			<u>54,784</u>	<u>62,096</u>

A long-term loans of the Company under a credit facility of Baht 80 million, both principal and interest, is repayable monthly in 60 installments. The loan carries interest at a rate of 4.5% per annum. The loan is secured by the mortgage of the majority of the Company's land and construction thereon.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

**19. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

**20. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	11,082	14,596	10,751	14,596
<b>Deferred tax:</b>				
Reversal of temporary differences relating to deferred tax	(684)	(896)	(684)	(896)
<b>Income tax expenses reported in the income statements</b>	<b>10,398</b>	<b>13,700</b>	<b>10,067</b>	<b>13,700</b>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	30,732	34,973	30,401	34,973
<b>Deferred tax:</b>				
Reversal of temporary differences relating to deferred tax	(1,656)	(1,165)	(1,656)	(1,165)
<b>Income tax expenses reported in the income statements</b>	<b>29,076</b>	<b>33,808</b>	<b>28,745</b>	<b>33,808</b>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Deferred tax related to actuarial loss	-	-	-	102

## 21. Earnings per share

Basic earnings per share is calculated by dividing profit or loss for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

## 22. Foreign currency risk

The Company's exposure to foreign currencies risk arises mainly from trading transactions of finished goods and equipment that are denominated in foreign currencies.

The significant balances of financial assets and liabilities denominated in foreign currencies of the Company are summarised below.

Currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	6.15	5.20	33.1672	32.6809
JPY	0.06	0.06	-	-	0.2999	0.2898
RMB	-	-	0.25	0.10	5.0014	5.0145
EURO	-	-	-	0.01	38.4926	39.0273

As at 30 June 2018 and 31 December 2017, the Company and its subsidiary had no foreign exchange forward contracts outstanding.

## 23. Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiary endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As at 30 June 2018 and 31 December 2017, the Company and its subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	Level 1	
	30 June 2018	31 December 2017
<b>Financial assets measured at fair value</b>		
Investments in trading securities	405	361

During the current period, there were no transfers within the fair value hierarchy.

## 24. Commitments and contingent assets/liabilities

### 24.1 Operating lease and service agreements commitments

The Company and its subsidiary entered into several lease agreements in respect of the lease of land, building space, vehicles and service agreements. The terms of the non-cancellable agreements are generally between 1 and 3 years.

(Unaudited but reviewed)

Future minimum lease payments required under these non-cancellable operating lease and service agreements are as follows:

(Unit: Million Baht)

	<u>30 June 2018</u>	<u>31 December 2017</u>
Payable within:		
1 year	9.9	5.8
2 to 3 years	0.7	2.1

The Company entered into lease agreement in respect of the lease of warehouse. The term of the non-cancellable agreement is 3 years.

Future minimum lease payments expected to be received under non-cancellable operating lease are as follows:

(Unit: Million Baht)

	<u>30 June 2018</u>	<u>31 December 2017</u>
Receivable within:		
1 year	15.5	20.7
2 to 3 years	-	5.2

#### **24.2 Commitments in respect of purchases of finished goods and capital expenditure**

As at 30 June 2018 and 31 December 2017, the Company had commitment in respect of purchases of finished goods and intangible assets as follows:

(Unit: Million)

<u>Currencies</u>	<u>30 June 2018</u>	<u>31 December 2017</u>
THB	0.3	0.3
USD	0.2	0.2
RMB	1.2	1.3

#### **24.3 Guarantees**

As at 30 June 2018, there were outstanding bank guarantees of Baht 15.5 million (31 December 2017: Baht 0.5 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.



(Unaudited but reviewed)

As at 30 June 2018 and 31 December 2017, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

## 25. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final stock dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	131,913	0.20
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	46,170	0.07
Interim dividends for 2017	Board of Directors' meeting on 12 May 2017	46,170	0.07
Total dividends for 2017		<u>224,253</u>	<u>0.34</u>
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	61,600	0.07
Interim dividends for 2018	Board of Directors' meeting on 14 May 2018	61,600	0.07
Total dividends for 2018		<u>123,200</u>	<u>0.14</u>

## 26. Segment information

The Company and its subsidiary are organised into business units based on their products and services. During the current period, the Company and its subsidiary have not changed the organisation of their reportable segments.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company's and its subsidiary's operating segments for the periods of three months and six months ended 30 June 2018 and 2017, respectively.

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>For the three months ended</b>					
<b>30 June 2018</b>					
<b>Sales and service income</b>					
Revenue from external customers	356,222	5,189	361,411	-	361,411
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>356,222</b>	<b>5,189</b>	<b>361,411</b>	<b>-</b>	<b>361,411</b>
<b>Operating results</b>					
<b>Segment profit</b>	47,716	5,083	52,799	-	52,799
Other income					3,828
Gain on sale of assets					125
Share of loss from investments in joint venture and associate					(612)
Finance cost					(3,202)
<b>Profit before income tax expenses</b>					52,938
Income tax expenses					(10,398)
<b>Net profit for the period</b>					42,540

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>For the three months ended</b>					
<b>30 June 2017</b>					
<b>Sales and service income</b>					
Revenue from external customers	353,084	5,189	358,273	-	358,273
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>353,084</b>	<b>5,189</b>	<b>358,273</b>	<b>-</b>	<b>358,273</b>
<b>Operating results</b>					
<b>Segment profit</b>	69,051	5,085	74,136	-	74,136
Other income					4,661
Gain on sale of assets					58
Share of loss from investments in joint venture and associate					(836)
Finance cost					(2,213)
<b>Profit before income tax expenses</b>					75,806
Income tax expenses					(13,700)
<b>Net profit for the period</b>					62,106

## (Unaudited but reviewed)

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>For the six months ended</b>					
<b>30 June 2018</b>					
<b>Sales and service income</b>					
Revenue from external customers	714,776	10,378	725,154	-	725,154
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>714,776</b>	<b>10,378</b>	<b>725,154</b>	<b>-</b>	<b>725,154</b>
<b>Operating results</b>					
<b>Segment profit</b>	127,718	10,231	137,949	-	137,949
Other income					12,496
Gain on sale of assets					128
Share of loss from investments in joint venture and associate					(2,106)
Finance cost					(5,837)
<b>Profit before income tax expenses</b>					142,630
Income tax expenses					(29,076)
<b>Net profit for the period</b>					<b>113,554</b>

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>For the six months ended</b>					
<b>30 June 2017</b>					
<b>Sales and service income</b>					
Revenue from external customers	720,290	10,378	730,668	-	730,668
Inter-segment revenue	-	-	-	-	-
<b>Total revenue</b>	<b>720,290</b>	<b>10,378</b>	<b>730,668</b>	<b>-</b>	<b>730,668</b>
<b>Operating results</b>					
<b>Segment profit</b>	155,211	10,170	165,381	-	165,381
Other income					16,621
Gain on sale of assets					180
Share of loss from investments in joint venture and associate					(1,142)
Finance cost					(5,096)
<b>Profit before income tax expenses</b>					175,944
Income tax expenses					(33,808)
<b>Net profit for the period</b>					<b>142,136</b>

(Unaudited but reviewed)

The following table presents assets information regarding the Company's and its subsidiary's operating segments as at 30 June 2018 and 31 December 2017:

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>Segment assets</b>					
As at 30 June 2018	<u>1,248,899</u>	<u>118,000</u>	<u>1,366,899</u>	<u>-</u>	<u>1,366,899</u>
As at 31 December 2017	<u>1,228,948</u>	<u>118,000</u>	<u>1,346,948</u>	<u>-</u>	<u>1,346,948</u>

## 27. Events after the reporting period

On 9 August 2018, the Company's Board of Directors Meeting passed a resolution to approve the payment of interim cash dividend of Baht 0.07 per share, from the operating results of the second quarter of 2018, or a total of Baht 61.6 million. The dividend payment will be made on 7 September 2018.

## 28. Approval of interim financial statements

These interim financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 9 August 2018.